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Housing Mid-Session Update

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Background

In this year's Illinois legislative session, Impact for Equity is tracking nearly 40 House and Senate bills. Of those, 17 aimed to amend the state property tax code; two made amendments to the Affordable Housing Planning and Appeal Act (AHPAA)[1]; and six attempted to amend various laws pertaining to zoning, accessory dwelling units, and "missing middle" housing.

In the Illinois House, the deadline for a bill to be passed out of committee was March 21. In the Senate, it was April 11. While exceptions are sometimes made, the official deadline to pass out of committee is often the stalling point for bills.

1. 310 ILCS § 67/1, et al.

Endorsed Bills by Issue Area

Bills in **bold** are those that IFE is actively working on in partnership with other organizations.

Property Taxes

Following the Supreme Court's decision in *Tyler v. Hennepin County*, states were obligated to evaluate and reconfigure their policies regarding tax sales to recognize a taxpayer's entitlement to the surplus equity in their home when it is greater than the tax debt owed and they lose their home because of unpaid property taxes. Illinois still has to take action to come into compliance with the 2023 ruling.

In the current tax sale process, the county sells the right to collect a homeowner's unpaid tax debt to private investors and, if the homeowner does not pay back that debt within a certain amount of time, the investor who purchased the debt can petition a court for the property deed.

During this session, seven bills were introduced to address the *Hennepin* decision and ensure homeowners receive the equity in their homes following a tax sale.

- **HB3146/SB2029** — This bill creates a judicial tax deed auction, which alters the current system of tax sale and subsequent issuance of a tax deed to the tax purchaser. It provides that the homeowner can recover home equity in surplus of their debt from the auction. Minimum bids at the auction cannot exceed the total debt accrued on the auctioned parcel.

Status: This bill was not brought up for a vote in a House or Senate committee but may move forward later in the legislative session.

- HB3466/SB1911 — The Affordable Housing Special Assessment Program (AHSAP) incentivizes private investment in multifamily housing to bolster the supply of affordable housing. Qualifying developments receive reduced property tax assessments as long as they meet certain rent, tenant income, and investment requirements. This bill clarifies property improvements necessary to remain in the program and allows property to remain in the program even if the county it is located in opts out. It also extends the program from its current expiration date of 2027 to 2037.

Status: SB1911 passed out of Senate Executive Committee on April 3.

Affordable Housing Planning and Appeal Act

Impact for Equity's work on the Affordable Housing Planning and Appeal Act (AHPAA) aims to maximize the effectiveness of the law to help municipalities with particularly high housing costs expand affordability while addressing the legacy of housing discrimination to build stronger, more inclusive communities.

- **HB2545** — This bill amends AHPAA with the goal of increasing the amount of supportive housing in the 44 communities subject to the law. It amends AHPAA's appeal process for blocked affordable developments to shift the burden of proof onto the municipality to demonstrate that a proposed supportive housing project

would be detrimental to the municipality or would pose an unreasonable financial burden. It also extends the right to file an appeal to supportive services providers.

Status: This bill passed out of the Illinois House on April 8th.

Zoning

Communities throughout Chicago and Illinois lack affordable rental and homeownership opportunities. In some cases, this is due to zoning policies and other legal or procedural barriers to affordable housing development. Historically, zoning has been used by higher-cost communities to restrict not only the kinds of housing that can be built, but the kinds of people who are able to live there. Reforms to zoning laws can improve housing affordability by allowing for a more diversified housing stock. Five bills were introduced this session to encourage diverse and affordable housing through zoning reforms, following Governor Pritzker's "Missing Middle" housing task force.

- **HB1814 —** This bill requires cities with 25,000 or more residents to allow up to four homes on lots of at least 5,000 sq. ft. zoned for residential use. It also requires cities with between 10,000 and 25,000 residents to allow at least two homes on lots allowing detached single-family homes.

Status: This bill passed out of Housing Committee on March 20th, but was re-referred to Rules Committee after second reading.

- **HB1813 —** This bill prohibits municipalities from preventing the building or use of accessory dwelling units (ADUs), which it defines as a dwelling providing complete independent living facilities located on a lot with an existing or proposed primary residence.

Status: This bill passed out of Housing Committee on March 20th, but was re-referred to Rules Committee after second reading.

- HB3552 — This bill creates the Local Accessory Dwelling Unit Act, which prohibits local governments from preventing the building or use of ADUs, which are defined similarly to HB1813. It prohibits governments from denying applications because of issues that do not present a threat to health and safety.

Status: This bill was not brought up for a vote in House committee.

- HB1843 — This bill prohibits classification, regulation, and restriction on use of property based on family relationship. It prohibits municipalities from adopting zoning regulations prohibiting two or more unrelated people from living together, and regulations prohibiting community-integrated living arrangements.

Status: This bill passed out of the Illinois House on April 10th.

- HB3288 — This bill creates the Affordable Communities Act, which defines middle housing types as two-to-eight unit residents, cottage clusters, courtyard buildings, or townhouses, and prohibits municipalities with populations of over 100,000 from prohibiting these types of housing. It requires the Illinois Housing Development Authority (IHDA) to adopt a model ordinance by January 1, 2026.

Status: This bill was not brought up for a vote in House committee.

Other IFE-Endorsed Bills

- HB1429 — This bill amends the Bill of Rights for the Homeless Act to prohibit the criminalization of homelessness in Illinois. It prohibits state and local governments from fining or criminally penalizing people experiencing unsheltered homelessness for engaging in life-sustaining activities like eating, keeping belongings, and sleeping on public property. It requires written and oral notice to be given prior to removing a person experiencing unsheltered homelessness from a public site, except in case of emergency, and makes unsheltered homelessness an affirmative defense to charges of violating rules that criminalize occupying or engaging in life-sustaining activities.

  Status: This bill passed out of Housing Committee on March 19th, but was re-referred to Rules Committee after its second reading.

- SB2264 — This bill regulates so-called "Crime-Free and Nuisance Housing Ordinances." It prohibits governments from adopting, enforcing, or implementing regulations that impose penalties for requesting emergency assistance or law enforcement, criminal activity the person did not perpetrate, or an arrest record. It also prohibits requiring or encouraging property owners to evict or penalize tenants for these things.

  Status: This bill passed out of Executive Committee on March 19th.

- HB3256/SB2352 — This bill creates the People Over Parking Act, which defines various types of development projects and parking requirements. It prohibits local governments from creating or enforcing minimum car parking requirements for projects within a half mile of a public transportation hub, such as major bus connections or rail stations. These requirements are often a major barrier to the development of multifamily and affordable housing.

  Status: This bill was not brought up for a vote in House or Senate committee.

- SB0062—This bill would create a state match to the federal Low Income Housing Tax Credit, boosting the amount of affordable housing produced every year in Illinois.

  Status: This bill has had its committee deadline extended to May 9.